

A photograph of a man with a beard and glasses, wearing a light blue shirt, sailing a sailboat. He is looking out over the water. The boat's white sail is partially visible. The background shows a clear sky and calm sea.

# Pro Forma Financial Results

*Results excluding the impact of  
discontinuation of M6™ product lines*

## Net Sales by Major Product Category by Reporting Segment

	Three Months Ended September 30,			Constant Currency Change
(Unaudited, U.S. Dollars, in millions)	2025	2024	Change	
Bone Growth Therapies	\$ 61.2	\$ 57.9	5.7%	5.7%
Spinal Implants, Biologics and Enabling Technologies*	108.6	102.9	5.6%	5.6%
Global Spine*	169.8	160.8	5.6%	5.6%
Global Orthopedics	33.6	30.5	10.1%	5.9%
<b>Pro forma net sales*</b>	<b>203.4</b>	<b>191.3</b>	<b>6.3%</b>	<b>5.7%</b>
Impact from discontinuation of M6 product lines	2.2	5.3	(58.5%)	(58.6%)
<b>Reported net sales</b>	<b>\$ 205.6</b>	<b>\$ 196.6</b>	<b>4.6%</b>	<b>3.9%</b>

\* Results above for each of Spinal Implants, Biologics, and Enabling Technologies; Global Spine; and pro forma net sales exclude the impact from discontinuation of the M6 product lines. Since pro forma net sales represent a non-GAAP measure, see the reconciliation above of the Company's pro forma net sales to its reported figures under U.S. GAAP. The Company's reported figures under U.S. GAAP represent each of the pro forma line items discussed above plus the impact from discontinuation of the M6 product lines.

# Condensed Consolidated Balance Sheets

(U.S. Dollars, in thousands, except par value data)	September 30, 2025	December 31, 2024		
	(Unaudited)			
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 62,860	\$ 83,238		
Restricted Cash	3,086	2,500		
Accounts receivable, net of allowances of \$9,413 and \$7,418, respectively	130,808	134,713		
Inventories	174,042	189,452		
Prepaid expenses and other current assets	23,374	23,382		
Total current assets	394,170	433,285		
Property, plant, and equipment, net	130,017	139,804		
Intangible assets, net	75,641	98,803		
Goodwill	194,934	194,934		
Other long-term assets	37,848	26,468		
<b>Total assets</b>	<b>\$ 832,610</b>	<b>\$ 893,294</b>		
<b>Liabilities and shareholders' equity</b>				
Current liabilities				
Accounts payable	\$ 50,459	\$ 48,803		
Current portion of finance lease liability	814	755		
Other current liabilities	108,574	119,070		
Total current liabilities	159,847	168,628		
Long-term debt	157,219	157,015		
Long-term portion of finance lease liability	17,240	17,835		
Other long-term liabilities	55,818	46,692		
<b>Total liabilities</b>	<b>390,124</b>	<b>390,170</b>		
Contingencies				
Shareholders' equity				
Common shares \$0.10 par value; 100,000 shares authorized; 39,519 and 38,486 issued and outstanding as of September 30, 2025, and December 31, 2024, respectively	3,952	3,849		
Additional paid-in capital	804,011	779,718		
Accumulated deficit	(366,111)	(276,141)		
Accumulated other comprehensive income (loss)	634	(4,302)		
Total shareholders' equity	442,486	503,124		
<b>Total liabilities and shareholders' equity</b>	<b>\$ 832,610</b>	<b>\$ 893,294</b>		

## Condensed Consolidated Statements of Operations

(Unaudited, U.S. Dollars, in thousands, except share and per share data)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2025	2024	2025	2024
Net sales	\$ 205,634	\$ 196,606	\$ 602,401	\$ 583,834
Cost of sales	57,111	61,553	192,726	186,790
Gross profit	148,523	135,053	409,675	397,044
Sales, general, and administrative	148,102	130,137	417,576	396,046
Research and development	14,774	17,294	50,474	54,835
Acquisition-related amortization, impairment, and remeasurement	2,693	6,521	23,547	19,305
Operating loss	(17,046)	(18,899)	(81,922)	(73,142)
Interest expense, net	(4,681)	(5,210)	(13,137)	(14,711)
Other (expense) income, net	(535)	(2,528)	6,441	(6,312)
Loss before income taxes	(22,262)	(26,637)	(88,618)	(94,165)
Income tax expense	(533)	(751)	(1,352)	(2,686)
<b>Net loss</b>	<b>\$ (22,795)</b>	<b>\$ (27,388)</b>	<b>\$ (89,970)</b>	<b>\$ (96,851)</b>
Net loss per common share:				
Basic	\$ (0.57)	\$ (0.71)	\$ (2.28)	\$ (2.55)
Diluted	(0.57)	(0.71)	(2.28)	(2.55)
Weighted average number of common shares (in millions):				
Basic	39.8	38.5	39.5	37.9
Diluted	39.8	38.5	39.5	37.9

## Adjusted Gross Profit and Adjusted Gross Margin

(Unaudited, U.S. Dollars, in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Gross profit	\$ 148,523	\$ 135,053	\$ 409,675	\$ 397,044
Share-based compensation expense	368	557	1,297	1,591
SeaSpine merger-related costs	(438)	1,161	4,503	5,579
Restructuring costs and impairments related to M6 product lines	—	—	13,710	—
Strategic investments	1	32	57	160
Acquisition-related fair value adjustments	—	3,047	—	9,141
Amortization/depreciation of acquired long-lived assets	276	313	940	840
<b>Adjusted gross profit</b>	<b>\$ 148,730</b>	<b>\$ 140,163</b>	<b>\$ 430,182</b>	<b>\$ 414,355</b>
<i>Adjusted gross margin as a percentage of reported net sales</i>	72.3%	71.3%	71.4%	71.0%
Adjusted gross profit attributable to M6 product lines	(1,989)	(2,401)	(4,534)	(8,239)
<b>Pro forma adjusted gross profit</b>	<b>\$ 146,741</b>	<b>\$ 137,762</b>	<b>\$ 425,648</b>	<b>\$ 406,116</b>
<i>Pro forma adjusted gross margin as a percentage of pro forma net sales</i>	72.1%	72.0%	71.7%	71.7%

## Adjusted EBITDA and Pro Forma Adjusted EBITDA

(Unaudited, U.S. Dollars, in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net loss	\$ (22,795)	\$ (27,388)	\$ (89,970)	\$ (96,851)
Income tax expense	533	751	1,352	2,686
Interest expense, net	4,681	5,210	13,137	14,711
Depreciation and amortization	12,941	15,173	64,243	44,067
Share-based compensation expense	7,181	6,531	21,474	25,290
Foreign exchange impact	571	(1,176)	(3,224)	1,263
SeaSpine merger-related costs	126	2,616	6,142	12,992
Restructuring costs and impairments related to M6 product lines	538	—	14,069	—
Strategic investments	227	39	4,094	470
Acquisition-related fair value adjustments	(427)	5,017	(1,800)	15,351
Interest and (gain) loss on investments	(10)	3,567	(41)	5,120
Litigation and investigation costs	21,548	8,335	28,619	10,318
Succession charges	—	505	—	8,061
Employee retention credit	—	—	(2,854)	—
<b>Adjusted EBITDA</b>	<b>\$ 25,114</b>	<b>\$ 19,180</b>	<b>\$ 55,241</b>	<b>\$ 43,478</b>
<i>Adjusted EBITDA as a percentage of reported net sales</i>	12.2%	9.8%	9.2%	7.4%
Operating (income) losses attributable to M6 product lines	(532)	(1,665)	1,417	(5,313)
<b>Pro forma adjusted EBITDA</b>	<b>\$ 24,582</b>	<b>\$ 17,515</b>	<b>\$ 56,657</b>	<b>\$ 38,165</b>
<i>Adjusted EBITDA as a percentage of pro forma net sales</i>	12.1%	9.2%	9.5%	6.7%

## Adjusted Net Income (Loss) and Pro Forma Adjusted Net Income

(Unaudited, U.S. Dollars, in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net loss	\$ (22,795)	\$ (27,388)	\$ (89,970)	\$ (96,851)
Share-based compensation expense	7,181	6,531	21,474	25,290
Foreign exchange impact	571	(1,176)	(3,224)	1,263
SeaSpine merger-related costs	151	2,619	9,411	13,434
Restructuring costs and impairments related to M6 product lines	538	—	34,999	—
Strategic investments	235	69	4,142	566
Acquisition-related fair value adjustments	(427)	5,017	(1,800)	15,351
Amortization/depreciation of acquired long-lived assets	3,396	5,046	12,251	14,486
Litigation and investigation costs	21,548	8,335	28,619	10,318
Succession charges	—	505	—	8,061
Interest and (gain) loss on investments	(10)	3,567	(41)	5,071
Employee retention credit	—	—	(3,616)	—
Long-term income tax rate adjustment	(2,525)	(335)	(2,455)	2,777
<b>Adjusted net income (loss)</b>	<b>\$ 7,863</b>	<b>\$ 2,790</b>	<b>\$ 9,790</b>	<b>\$ (234)</b>
Operating (income) losses attributable to M6 product lines	(976)	2,083	946	6,728
Long-term income tax rate adjustment for M6 product lines	273	(583)	(265)	(1,884)
<b>Pro forma adjusted net income</b>	<b>\$ 7,160</b>	<b>\$ 4,290</b>	<b>\$ 10,471</b>	<b>\$ 4,610</b>

## Cash Flow and Free Cash Flow

(Unaudited, U.S. Dollars, in thousands)	Nine Months Ended September 30,	
	2025	2024
Net cash provided by (used in) operating activities	\$ 5,650	\$ 2,060
Net cash used in investing activities	(23,727)	(26,445)
Net cash provided by (used in) financing activities	(3,163)	19,222
Effect of exchange rate changes on cash	1,448	(40)
<b>Net change in cash and cash equivalents</b>	<b>\$ (19,792)</b>	<b>\$ (5,203)</b>

  

(Unaudited, U.S. Dollars, in thousands)	Nine Months Ended September 30,	
	2025	2024
Net cash provided by (used in) operating activities	\$ 5,650	\$ 2,060
Capital expenditures	(23,749)	(26,345)
<b>Free cash flow</b>	<b>\$ (18,099)</b>	<b>\$ (24,285)</b>

## Pro Forma Non-GAAP Financial Statements – Excluding Impact of M6 Product Lines

(Unaudited, U.S. Dollars, in thousands)	Three Months Ended			Nine Months Ended September 30, 2025
	March 31, 2025	June 30, 2025	September 30, 2025	
Net sales	\$ 189,203	\$ 200,658	\$ 203,411	\$ 593,272
Cost of sales (inclusive of share-based compensation expense)	56,183	54,770	56,672	167,625
Gross profit	133,020	145,888	146,739	425,648
Sales, general, and administrative	121,851	127,698	124,862	374,411
Research and development	14,623	14,615	14,109	43,347
Less - Share-based compensation expense in operating expenses	(6,008)	(7,356)	(6,814)	(20,178)
Operating income	2,554	10,931	14,582	28,067
Interest expense, net	(4,501)	(4,707)	(4,676)	(13,884)
Other expense, net	212	111	37	360
Loss before income taxes	(1,735)	6,335	9,943	14,543
Income tax (expense) benefit	486	(1,775)	(2,783)	(4,072)
<b>Net loss</b>	<b>\$ (1,249)</b>	<b>\$ 4,560</b>	<b>\$ 7,160</b>	<b>\$ 10,471</b>

## Adjusted Sales, General and Administrative Expense

(Unaudited, U.S. Dollars, in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
<b>Sales, general, and administrative</b>	\$ 148,102	\$ 130,137	\$ 417,576	\$ 396,046
<i>Reconciling items impacting sales, general, and administrative:</i>				
SeaSpine merger-related costs	(538)	(1,321)	(4,680)	(7,455)
Restructuring costs and impairments related to M6 product lines	(537)	—	(5,266)	—
Strategic investments	(199)	(35)	(1,940)	(146)
Amortization/depreciation of acquired long-lived assets	—	(182)	(60)	(551)
Litigation and investigation costs	(21,548)	(8,335)	(28,169)	(10,318)
Succession charges	—	(505)	—	(8,061)
<b>Sales, general, and administrative expense, as adjusted</b>	<b>\$ 125,280</b>	<b>\$ 119,759</b>	<b>\$ 377,461</b>	<b>\$ 369,515</b>
As a percentage of reported net sales	60.9%	60.9%	62.7%	63.3%
Sales, general, and administrative expense attributable to M6 product lines	(417)	(3,142)	(3,048)	(10,441)
<b>Pro forma sales, general, and administrative expense, as adjusted</b>	<b>\$ 124,863</b>	<b>\$ 116,617</b>	<b>\$ 374,413</b>	<b>\$ 359,074</b>
As a percentage of pro forma net sales	61.4%	61.0%	63.1%	63.4%

## Adjusted Research and Development Expense

(Unaudited, U.S. Dollars, in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
<b>Research and development expense, as reported</b>	\$ 14,774	\$ 17,294	\$ 50,474	\$ 54,835
<i>Reconciling items impacting research and development:</i>				
SeaSpine merger-related costs	(50)	(66)	(228)	(384)
Restructuring costs and impairments related to M6 product lines	—	—	(1,929)	—
Strategic investments	(34)	(3)	(2,144)	(261)
Litigation and investigation costs	—	—	(450)	—
<b>Research and development expense, as adjusted</b>	<b>\$ 14,690</b>	<b>\$ 17,225</b>	<b>\$ 45,723</b>	<b>\$ 54,190</b>
As a percentage of reported net sales	7.1%	8.8%	7.6%	9.3%
Research and development expense attributable to M6 product lines	(582)	(2,187)	(2,376)	(6,863)
<b>Pro forma research and development expense, as adjusted</b>	<b>\$ 14,108</b>	<b>\$ 15,038</b>	<b>\$ 43,347</b>	<b>\$ 47,327</b>
As a percentage of pro forma net sales	6.9%	7.9%	7.3%	8.4%

## Adjusted Non-Operating (Income) Expense

(Unaudited, U.S. Dollars, in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
<b>Non-operating (income) expense</b>	\$ 5,216	\$ 7,738	\$ 6,696	\$ 21,023
<i>Reconciling items impacting non-operating expense:</i>				
Restructuring costs and impairments related to M6 product lines	—	—	3	—
Foreign exchange impact	(571)	1,176	3,224	(1,263)
Interest and gain (loss) on investments	10	(3,567)	41	(5,070)
Employee retention credit	—	—	3,616	—
<b>Non-operating expense, as adjusted</b>	<b>\$ 4,655</b>	<b>\$ 5,347</b>	<b>\$ 13,580</b>	<b>\$ 14,690</b>
As a percentage of reported net sales	2.3%	2.7%	2.3 %	2.5%
Losses attributable to M6 product lines	(16)	(23)	(57)	(88)
<b>Pro forma non-operating expense, as adjusted</b>	<b>\$ 4,639</b>	<b>\$ 5,324</b>	<b>\$ 13,523</b>	<b>\$ 14,602</b>
As a percentage of pro forma net sales	2.3%	2.8%	2.3 %	2.6%

## Pro Forma Non-GAAP Adjusted EBITDA – Excluding Impact of M6 Product Lines

(Unaudited, U.S. Dollars, in thousands)	Three Months Ended			Nine Months Ended		Three Months Ended				Year Ended
	March 31, 2025	June 30, 2025	September 30, 2025	September 30, 2025	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024		
Net loss	\$ (20,201)	\$ (10,589)	\$ (23,232)	\$ (54,022)	\$ (32,501)	\$ (30,172)	\$ (23,930)	\$ (26,477)	\$ (113,079)	
Income tax expense	961	(144)	533	1,349	851	1,084	751	(564)	2,122	
Interest expense, net	4,501	3,945	4,676	13,122	4,553	4,938	5,205	14,915	29,611	
Depreciation and amortization	13,669	16,739	13,390	43,798	13,341	12,606	13,780	14,562	54,289	
Share-based compensation expense	6,469	7,824	7,181	21,474	8,689	9,864	6,443	7,086	32,082	
Foreign exchange impact	(1,044)	(2,751)	571	(3,224)	1,577	851	(1,180)	3,091	4,338	
SeaSpine merger-related costs	1,130	4,886	126	6,142	4,462	5,946	2,312	1,440	14,160	
Restructuring costs and impairments related to M6 product lines	—	—	—	—	—	—	—	—	—	
Strategic investments	3,514	353	227	4,094	120	311	39	440	910	
Acquisition-related fair value adjustments	(610)	(763)	(427)	(1,800)	4,217	6,117	5,017	3,737	19,088	
Interest and (gain) loss on investments	—	(31)	(10)	(41)	(260)	1,813	3,567	—	5,120	
Litigation and investigation costs	3,042	4,029	21,548	28,619	2,260	(277)	8,335	5,452	15,770	
Succession charges	—	—	—	—	2,210	5,346	505	1,315	9,376	
Employee retention credit	—	(2,854)	—	(2,854)	—	—	—	—	—	
<b>Adjusted EBITDA</b>	<b>\$ 11,431</b>	<b>\$ 20,646</b>	<b>\$ 24,582</b>	<b>\$ 56,657</b>	<b>\$ 9,519</b>	<b>\$ 18,427</b>	<b>\$ 20,844</b>	<b>\$ 24,997</b>	<b>\$ 73,787</b>	

## Pro Forma Non-GAAP Adjusted Net Loss and Adjusted Gross Margin – Excluding Impact of M6 Product Lines

(Unaudited, U.S. Dollars, in thousands)	Three Months Ended			Nine Months Ended September 30, 2025	Three Months Ended				Year Ended December 31, 2024
	March 31, 2025	June 30, 2025	September 30, 2025		March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024	
Net loss	\$ (20,201)	\$ (10,589)	\$ (23,232)	\$ (54,022)	\$ (32,501)	\$ (30,172)	\$ (23,930)	\$ (26,477)	\$ (113,079)
Share-based compensation expense	6,469	7,824	7,181	21,474	8,689	9,864	6,443	7,086	32,082
Foreign exchange impact	(1,044)	(2,751)	571	(3,224)	1,577	851	(1,180)	3,090	4,338
SeaSpine merger-related costs	1,474	7,786	151	9,411	4,831	6,016	2,315	4,396	17,558
Restructuring costs and impairments related to M6 product lines	20,324	604	—	20,928	—	—	—	—	—
Strategic investments	3,543	364	235	4,142	126	371	69	470	1,036
Acquisition-related fair value adjustments	(610)	(761)	(427)	(1,800)	4,217	6,117	5,017	3,737	19,088
Amortization/depreciation of acquired long-lived assets	(15,693)	3,615	3,396	(8,680)	3,812	3,668	4,066	3,857	15,403
Litigation and investigation costs	3,042	4,029	21,548	28,619	2,260	(277)	8,335	5,452	15,770
Succession charges	—	—	—	—	2,210	5,346	505	1,315	9,376
Interest and (gain) loss on investments	—	(31)	(10)	(41)	(260)	1,764	3,567	—	5,070
Employee retention credit	—	(3,616)	—	(3,616)	—	—	—	—	—
Long-term income tax rate adjustment	1,447	(1,915)	(2,253)	(2,720)	2,024	(213)	(918)	(1,225)	(332)
<b>Adjusted net loss</b>	<b>\$ (1,249)</b>	<b>\$ 4,560</b>	<b>\$ 7,160</b>	<b>\$ 10,471</b>	<b>\$ (3,015)</b>	<b>\$ 3,335</b>	<b>\$ 4,289</b>	<b>\$ 1,701</b>	<b>\$ 6,310</b>

(Unaudited, U.S. Dollars, in thousands)	Three Months Ended			Nine Months Ended September 30, 2025	Three Months Ended				Year Ended December 31, 2024
	March 31, 2025	June 30, 2025	September 30, 2025		March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024	
Gross profit	\$ 131,633	\$ 140,683	\$ 146,534	\$ 418,850	\$ 124,360	\$ 131,819	\$ 132,862	\$ 145,563	\$ 534,604
Share-Based Compensation Expense	462	467	368	1,297	524	484	545	468	2,021
SeaSpine Merger-Related Costs	600	4,341	(438)	4,503	1,303	3,115	963	631	6,012
Restructuring costs and impairments related to M6 product lines	(1)	1	—	—	—	—	—	—	—
Strategic investments	13	43	1	57	65	63	32	32	192
Acquisition-related fair value adjustments	—	—	—	—	3,047	3,047	3,047	3,047	12,188
Amortization/depreciation of acquired long-lived assets	313	351	276	940	318	209	313	313	1,153
<b>Adjusted gross profit</b>	<b>\$ 133,020</b>	<b>\$ 145,887</b>	<b>\$ 146,741</b>	<b>\$ 425,648</b>	<b>\$ 129,617</b>	<b>\$ 138,737</b>	<b>\$ 137,762</b>	<b>\$ 150,054</b>	<b>\$ 556,170</b>
Adjusted gross margin as a percentage of net sales	70.3%	72.7%	72.1%	71.7%	71.2%	72.0%	72.0%	71.5%	71.7%



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